



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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DAILY NEWS DIGEST BY BFSI BOARD

25 Dec, 2023

BANKING & FINANCE



Religare Finvest engages external agency to investigate siphoning of funds by erstwhile promoters: Religare Finvest Ltd (RFL), a wholly owned subsidiary of Religare Enterprises Ltd (REL), has commissioned an investigation into siphoning-off of funds by the erstwhile promoters of the company. “Pursuant to the terms agreed with respect to the recovery proceeds of Corporate Loan Book (CLB) portfolio and FDs misappropriated by Lakshmi Vilas Bank (LVB) (now DBS), under the Upside Sharing Agreement signed by RFL with the lenders, it is imperative for RFL to keep pursuing recovery of the siphoned off funds. Accordingly, to aid RFL to recover such funds, RFL has commissioned the investigation”, said a REL filing with the stock exchanges on Saturday.

(Business Line)

RBI imposes Rs 2 lakh penalty on TDCC Bank for sanctioning loan to its director: The Reserve Bank of India has said it has imposed a penalty of Rs 2 lakh on the Thane District Central Co-operative (TDCC) Bank for alleged violation of banking regulations by sanctioning loan to one of the directors of the bank.

(Economic Times)

Bank of Baroda fined ₹5 crore by RBI over soiled note remittances: Bank of Baroda on Friday informed, in an exchange filing, that the Reserve Bank of India had imposed a penalty of ₹5 crore on the bank, in light of a shortage in the soiled note remittances. The RBI also imposed an additional penalty of ₹2,750 on the bank after it detected "fake and mutilated" notes in the soiled note remittances. According to the exchange filing, the bank was informed of these penalties on December 18 and 20, respectively.

(Economic Times)



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ECONOMY

Keep the economic growth engine up and running, advises CEA Nageswaran: India as a developing country must continue to focus on growing the size of the economic pie rapidly, at least for the foreseeable future, V Anantha Nageswaran, Chief Economic Advisor in Finance Ministry, has said. Growth in the lower rungs of society is a reasonable policy goal even if the upper rungs grow faster, Nageswaran wrote in an essay titled “Perspectives on the Inequality Debate in India”, forming part of a collection of essays released by his office here. He has also made a case to prioritise poverty alleviation through higher economic growth rather than first focusing on addressing income or wealth inequalities. Related Article.

(Business Line)

Consumer companies see demand back on track from March-April: Upcoming general elections and further reduction in inflation will help revive consumer demand across categories from grocery to apparel to electronics from March-April onwards, with rural markets and mass-segment products already showing signs of recovery, chief executives of several leading companies said. Consumer goods companies were earlier expecting demand to recover in the December quarter. While that hasn't materialised, chief executives said slowdown in consumption has come to a halt and that sales of mass-segment products are picking up after a gap of over three years.

(Economic Times)

India find no takers for rupee payment for crude oil imports: India's push for rupee to be used to pay for import of crude oil has not found any takers as suppliers have expressed concern on repatriation of funds and high transactional costs, the oil ministry told a parliamentary standing committee. The default payment currency for all contracts for import of crude oil is US dollar as per the international trade practice. However, in a bid to internationalise the Indian currency, the Reserve Bank of India on July 11, 2022 allowed importers to pay with rupees and exporters be paid in rupee. While there has been some success with non-oil trade with a select few countries, rupee continues to be shunned by oil exporters.

(Moneycontrol)

FPIs bounce back, inject record \$7 billion in December, Riding on Political Stability: Foreign Portfolio Investors (FPIs), who made a huge U turn towards India in 2023, doubled down on



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Indian equities in December 2023, pumping a record ₹57,313 crore (about \$7 billion) so far this month. This is the highest monthly net investment flow in Indian equities in the last three years. FPIs had in December 2020 pumped in ₹62,016 crore, a record for any month. In November 2023, FPIs made net investment of about ₹9,000 crore in cash segment. Both September and October this year saw net FPI outflows from equities at ₹14,768 crore and ₹24,548 crore. With only four more trading sessions left in December 2023 , FPIs are well on course to close the calendar year 2023 with net investments of about \$21 billion compared to net outflow of about \$14.5 billion in equities in the cash segment, reflecting their bullishness on prospects for returns from Indian equities in upcoming 2024.

(Business Line)

Red Sea crisis: Indian tea exporters to Europe and US stare at massive losses: Tea exports from India to Europe and the US are getting badly impacted and exporters are staring at massive losses due to huge rise in shipping costs owing to the Red Sea crisis. Moreover, as far as new contracts are concerned, importers from the US and European countries might prefer to buy tea from Kenya instead of India. Following the recent attacks by the Houthis, an Iran-backed rebel group, on several ships passing through the Red Sea, container ships are being rerouted around southern Africa to avoid the Suez canal. The longer journeys are adding at least 15 days shipping times for all the ships with merchandise cargo that are going towards the West from India, resulting in increased container rates.

(Business Line)

INDUSTRY OUTLOOK



IT major Infosys loses \$1.5 billion contract from global customer: Infosys on Saturday announced that a global client has terminated a \$1.5 billion deal. In September this year, India's second-largest IT services company, Infosys had announced the signing of a \$1.5 billion deal with a global company (which they had not named) to provide enhanced digital experience along with modernization and business operations services, leveraging Infosys platforms and AI solutions. The deal was for a 15-year duration. The reason for the cancellation of the deal has not been mentioned in the filings.

(Business Standard)

Bengaluru shops to lose trading license if 60% signages not in Kannada by Feb-end: Reports: Trading licenses granted to commercial establishments in Bengaluru will be scrapped if 60 percent of their signages are not in Kannada, the city's civic body said on December 24, as per reports.



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The shop operators have been given a deadline to adhere to the rule by February-end, the reports added. The decision to set a deadline for the implementation of the 60 percent Kannada signage norm was reportedly taken by the Bruhat Bengaluru Mahanagara Palike (BBMP) in its meeting held earlier in the day.

(Moneycontrol)



REGULATION & DEVELOPMENT

Overseas job recruitment agents cannot charge more than Rs 30,000: Govt: There have been cases where individuals have paid up to Rs 2 to 5 lakh to unregistered recruitment agents for overseas job offers. Taking notice of this, the government has clarified the maximum amount that recruitment agents can charge candidates for consultancy for getting them overseas jobs. In the press release, MEA said, "As per the Emigration Act 1983, no recruiting agent shall collect from the prospective emigrant service charges more than Rs 30,000 + GST (18%), in respect of services provided by it to that emigrant and the recruiting agent shall issue a receipt to the emigrant for the amount collected by it in this regard."

(Economic Times)

New ITR forms: Taxpayers will have to disclose cash receipts, all bank accounts: Taxpayers will have to furnish details about receipt of cash and all their bank accounts in the country, as per the latest Income Tax Return (ITR) notified by the Central Board of Direct Taxes for assessment year 2024-25. ITR 1, or Sahaj, can be filed by a resident individual having income of up to ₹50 lakh and who receives income from salary, one house property, other sources (interest), and agricultural income of up to ₹5,000. Taxpayers will have to give details of all bank accounts in India operational in the previous financial year. The updated return forms also have a special section for deduction for the Agniveers, or youngsters serving in the armed forces under the Agnipath scheme, under Section 80CCH. ITR 4, or Sugam, can be filed by individuals, Hindu undivided families (HUFs) and firms other than limited liability partnerships (LLPs) having total income of up to ₹50 lakh and income from business and profession.

(Economic Times)



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FINANCIAL TERMINOLOGY

Alternative Minimum Tax (AMT)

- ❖ An alternative minimum tax (AMT) places a floor on the percentage of taxes that a filer must pay to the government, no matter how many deductions or credits the filer may claim.
- ❖ The AMT recalculates income tax after adding certain tax preference items back into adjusted gross income. It uses a separate set of rules to calculate taxable income after allowed deductions. Preferential deductions are added back into the taxpayer's income to calculate their alternative minimum taxable income (AMTI), and then the AMT exemption is subtracted to determine the final taxable figure.
- ❖ A taxpayer who has a high income and uses large tax breaks may owe a smaller percentage under the standard rules. If so, the taxpayer is obliged to recalculate the taxes owed under the alternative minimum tax system, which eliminates some of those tax breaks.



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RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 83.2493
INR / 1 GBP : 105.6223
INR / 1 EUR : 91.5559
INR /100 JPY: 58.4900

EQUITY MARKET

Sensex: 71106.96 (+241.86)
NIFTY: 21349.40 (+94.40)
Bnk NIFTY: 47491.85 (-348.35)

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Banking, Financial Services & Insurance Board
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